

# **THE BIG 5 FALSE BAY MUNICIPALITY**



**AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2009**

## BIG 5 FALSE BAY MUNICIPALITY

### CONTENTS

1) GENERAL INFORMATION	2
2) APPROVAL OF FINANCIAL STATEMENTS	2
3) MAYOR'S FOREWORD	3
4) TREASURER'S REPORT	4 - 5
5) ACCOUNTING POLICIES	6 - 8
6) BALANCE SHEET	9
7) INCOME STATEMENT	10
8) CASH FLOW STATEMENT	11
9) NOTES TO THE ANNUAL FINANCIAL STATEMENTS	12 - 19
10) APPENDICES TO THE FINANCIAL STATEMENTS	
<i>a) Accumulated Funds, Trust Funds, Reserves and Provisions</i>	20
<i>b) External Loans and Internal Advances</i>	21
<i>c) Analysis of Fixed Assets</i>	22
<i>d) Analysis of Operating Income and Expenditure for the year ended 30 June 2009</i>	23
<i>e) Detailed Income Statement for the year ended 30 June 2009</i>	24
<i>f) Statistical Information for the year ended 30 June 2009</i>	25

## **Big 5 False Bay Municipality**

### **GENERAL INFORMATION**

#### **MEMBERS OF THE COUNCIL**

Cllr. C.T. Khumalo

Mayor/Speaker

Cllr. G.J. Mthethwa

Cllr. F.Z. Nkwanyana

Cllr. M.H. Mkhize

Cllr. K.C. Mncambi

Cllr. M.A. Mshali

Cllr. P.M. Mdluli

Total Number of Councillors:

7

#### **GRADING OF THE LOCAL AUTHORITY**

Grade 1

#### **AUDITORS**

Auditor General - Kwa Zulu-Natal

#### **BANKERS**

First National Bank of SA, Main Str., Hluhluwe

#### **REGISTERED OFFICE**

163 Zebra Street  
Hluhluwe  
3960

P.O. Box 89  
Hluhluwe  
3960

Telephone : 035 562 0040  
Facsimile : 035 562 0988  
e-mail : [info@big5falsebay.co.za](mailto:info@big5falsebay.co.za)

#### **APPROVAL OF FINANCIAL STATEMENTS**

The annual financial statements set out on page 1 to 25 were approved by the Municipal manager and the Acting Chief Financial Officer on the 31st of August 2009

  
.....  
**MUNICIPAL MANAGER**  
Mr. M.A. Mngadi

  
.....  
**ACTING CHIEF FINANCIAL OFFICER**  
Mr. M.S.I. Mkhwanazi

## Mayor's Foreword

Financial crisis have confronted with economic collapse in the globe, decline in employment and sharp decline of expenditure within the government. Spending is still remain expansionary high compare to the revenue that is sharply declining. Tourism sector has affected severely with economic crisis and the area was affected since it is known as tourist destination. During the year under review we observed job losses across South Africa and in our district specially for tourism sector.

The municipality received an allocation from Municipal Infrastructure Grant for the first time. Construction of Phumani Hall and Makhasa Creche were funded from this grant, MIG.

Demand for electricity and water in the area is still a major challenge for us. Jointly with KZN department of Housing we have built 1800 units low costs houses in the area since December 2007.

The implementing of IDP projects will remain a serious challenge for our municipality as finances required is a major challenge. The municipality will be reporting on GRAP standards in the coming financial year this is a challenge to us because skills and funding is required to do valuation of assets.

Since 01 March 2006, the councilors of the municipality have been as follows:

Part time Mayor Councilor CT Khumalo (IFP)

Councilor GJ Mthethwa (IFP)

Councilor FZ Nkwanyana (IFP)

Councilor MH Mkhize(ANC)

Councilor NC Mcambi(IFP)

Councilor MA Mtshali (ANC)

Councilor PM Mdluli (IFP)

I like to take the opportunity to thank the community, fellow councilors, the district municipality, Provincial Treasury, DTGTA and other department and officials for the cooperation, patience and good governance during the year.



Ch. CT Khumalo

Mayor

## TREASURER'S REPORT

### 1) GENERAL REVIEW

For the period under review, the Council budgeted correct this period with expenditure equals to the total income expected to be received.

### 1) OPERATING RESULTS

Details of the results per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2009 are as follows :

<b>INCOME</b>	<b>Actual 2007/08 R</b>	<b>Actual 2008/09 R</b>	<b>Variance Actual 07/08 VS Actual 08/08 %</b>	<b>Budget 2008/09 R</b>	<b>Variance Actual/ Budget %</b>
Operating Income for the Year	9 737 125	13 937 059	43.13%	20 280 600	-45.52%
	9 737 125	13 937 059	43.13%	20 280 600	-45.52%
<b>EXPENDITURE</b>					
Operating Expenditure	14 705 051	20 008 075	36.06%	20 280 600	-1.36%
(Deficit)/ Surplus at year end	(4 967 926)	(6 071 016)	22.20%	-	-1.38%

### 2.1) RATE AND GENERAL SERVICES

	<b>Actual 2007/08 R</b>	<b>Actual 2008/09 R</b>	<b>Variance Actual Increase/ Decrease %</b>	<b>Budget 2008/09 R</b>	<b>Variance Actual/ Budget %</b>
Income	9 737 125	13 937 059	43.13%	20 280 600	45.52
Expenditure	14 705 051	20 008 075	36.06%	20 280 600	1.36
(Deficit) / Surplus	(4 967 926)	(6 071 016)	22.20%	-	-100.00
Surplus (Deficit) as % of Total Income	-51.02%	-43.56%	-14.52%	0%	

### 3) CAPITAL EXPENDITURE AND FINANCING

The following expenditure was financed from Municipal Infrastructure Grant  
Phumtani Community Hall  
Makhasa Creche

#### **4) INVESTMENTS AND CASH**

Investments amounted to R3 737 766 at 30 June 2009.

The favourable bank balances at 30 June 2009 amounted to R111 150.

More information regarding investments is disclosed in note 5 to the annual financial statements.

#### **5) FUNDS AND RESERVES**

There were unspent grants at 30 June 2008. There were also new grants received during the financial period.

More information regarding funds and reserves is disclosed in appendix A of the annual financial statements.

#### **6) POST-BALANCE SHEET EVENTS**

The municipality has started the conversion process to report according GRAP standard in 2009/2010

#### **7) GENERAL**

As one of the roles of CFO as delegated by an Accounting Officer in terms of Section 81 of the MFMA is to implement supply chain management system, I will reinforce the application of the system for maximum spending of unspent grants for the sake of improving financial management systems and control procedures of this municipality for better reporting at the end of 2008/09 financial year.

#### **EXPRESSION OF APPRECIATION**

I am grateful to the Mayor, Councillors, the Municipal Manager and Heads of Departments for their support during the past year.



ACTING CHIEF FINANCIAL OFFICER  
Big 5 False Bay Municipality  
DATE : 31 August 2009

**Big 5 False Bay Municipality**  
**Accounting policies for the year ended 30 June 2009**

**1. BASIS OF PRESENTATION**

These Financial Statements have been prepared so as to conform to the standards laid down by the Institute of the Institute of Municipal Treasurers and Accountants in its Code of Practice (1992) and the

- 1.1** Report on the Standardization of the Financial Statement of Local Authorities (4th Edition, as amended).

- 1.2** The Financial Statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in paragraph three below.

- 1.3** The Financial Statements are prepared on the accrual basis as stated :  
- Income is accrued when collectable and measurable. Certain direct income is accrued when received, such as traffic fines and certain licences.  
- Expenditure is accrued in the year that it is incurred.

**2. CONSOLIDATION**

The balance sheet includes General Services, and the various funds, reserves and provisions.

**3. FIXED ASSETS**

- 3.1** *Fixed Assets is stated :*

- at historical cost, or
- at valuation (based on market price at date of acquisition), where assets have been acquired by grants & donations
- while in existence or fit for use.

- 3.2** *Depreciation*

Fixed Assets are not depreciated although the amount of "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to the provision for depreciation.

All net proceeds from the sale of vacant fixed property are credited to the Public Improvement Fund. Net

- 3.3** proceeds from the sale of all other assets are credited to the Capital Development Fund.

Capital assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated life of the assets acquired from such loans or advances. Interest is charged to the service at the ruling interest rate applicable at the

- 3.4** time that the advance is made.

Capital equipment acquired by way of finance lease is brought into accounting records as fixed assets which have long been financed by long-term liabilities

- 3.5**

- 3.6** Assets are written off the express and prior approval of the Council only.

#### **4. FUNDS AND RESERVES**

##### **4.1 Capital Development Fund**

The Natal Ordinance No. 25 of 1974, Section 103(9), requires a minimum contribution of 3 percent of the defined income of a municipality, in this case rounded off to the nearest ten Rand. The fund is used to finance capital expenditure, and the surplus funds are invested.

##### **4.2 Public Improvement Fund**

The Public Improvement Fund provides funding for future township development. All development costs as defined in section 103 (3) (d) of the Local Government Ordinance, Natal, No 25 of 1974, debited against the fund. All proceeds from the sale of developed land are credited as income to the fund. The Fund is used to finance capital expenditure, and the surplus funds are invested. There is, however, a proviso as to what type of asset may be funded from this fund.

##### **4.3 Working Capital**

Appropriations are made as and when required from operating expenditure to the working capital account

##### **4.4 IDP Grant**

The Integrated Development Grant is conditional Grant received from the Department of Local Government and housing allocated to assist in the development of the municipal area by establishing the delivery of free basic services.

##### **4.5 Equitable Share**

The Equitable Share is funds received from the Department of Local Government allocated to assist in the funding of the operating expenditure and to subsidise a portion of the delivery of free basic services.

##### **4.6 Municipal Capacity Support Grant**

This grant is used for capacity building.

##### **4.7 Performance Management Grant**

This grant will be for the implementation of a Performance management System in the municipality.

##### **4.8 Finance Management Grant Received**

The grant is mostly for the training of the two Interns.

##### **4.9 Spatial Development Makassa**

This grant is for the spatial plans to be drawn for the rural area Makhassa.

##### **4.10 Municipal Structure Integration Grant**

This grant is for service providers providing training to management and staff in Finance

##### **4.11 Municipal Property Rates**

This grant is for the implementation of the new property rates act.

##### **4.12 Land Use Management Grant**

This grant together with the GIS grant will be used for the establishment of a Geographic information system, including hardware/software acquisition, systems set-up, configuration, data acquisition.

##### **4.13 Municipal Assistance Grant**

This grant is for various projects required on municipality assistance.

##### **4.14 Project consolidate**

This grant is for the survey of the prospective dumping site.

##### **4.15 Grant Grader**

This grant was for the purpose of purchasing of a grader.



**4.16 GIS Grant**  
see 4.13 above.

**4.17 Organisational structure and Human Resources Systems**  
This grant is for the upgrade of the human resources systems and assistance with the OPMS.

**4.18 Public Participation Grant**  
This grant is for the purpose of community participation and education of youth.

**4.19 MIG Reserve**  
This grant is used for the construction of community halls and roads

**4.20 Corridor Development reserve**  
This grant is used for the construction of roads

## **5. INVESTMENTS**

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested in securities as prescribed by section 125 of the Local Authorities Ordinance, 1974 (Ordinance No. 25 of and section 10G(9) of the Local Government Transaction Act, 1993 (Act No. 209 of 1993)

## **6. RETIREMENT BENEFITS**

All employees, with the exception of the contract employees, contribute to the Natal Joint Municipal Pension Funds. A full actuarial valuation is conducted by the funds actuaries every three years. These funds are presently in a stable financial position. The last actuarial valuation was on 31 March 2008. The retirement benefit plan is subject to the rules and regulations prescribed by the Local Government Superannuation Ordinance, 1973 (Ordinance No. 24 of 1973) and in accordance with the requirements of the Pensions Fund Act, 1956. Current contributions are charged against operating income on the basis of current service costs.

## **7. PROVISIONS**

Certain provisions and reserves have been established where required, or considered necessary, and these include -

Bad Debts Provision - provision for bad debts is made when the recovery of debts appears doubtful.  
Leave Pay Provision - provision for leave is the value of all leave due and payable to employees as at 30 June of each year.

## **8. INCOME RECOGNITION**

**8.1** Assessment rates are levied on land and buildings and are billed both monthly and annually.

**8.2** Services are billed monthly. Any other income is by direct payment prior to service being rendered.

## **9. LEASED ASSETS**

Fixed assets held under finance leases are capitalised. Such are effectively amortised over the term of  
**9.1** the lease agreement

All other leases are treated as operating leases and the relevant rentals are charged in the operating  
**9.2** account in a systematic manner relating to the period of use of the assets concerned

# BIG 5 FALSE BAY MUNICIPALITY

## BALANCE SHEET AS AT 30 JUNE 2009

	Note	2009 R	2008 R
<b>CAPITAL EMPLOYED</b>			
<b>FUNDS &amp; RESERVES</b>		<b>12 011 618</b>	<b>11 476 578</b>
Statutory Funds	1	4 112 515	4 112 515
Reserves	2	7 899 103	7 364 064
Trust Funds	3	215 000	215 000
<b>ACCUMULATED DEFICIT</b>	15	<b>(8 331 974)</b>	<b>(2 010 036)</b>
<b>LONG TERM LIABILITIES</b>	4	<b>0</b>	<b>2</b>
		<b>3 894 644</b>	<b>9 681 544</b>
<b>EMPLOYMENT OF CAPITAL</b>			
<b>FIXED ASSETS</b>	4	<b>0</b>	<b>3 896 813</b>
<b>LONG TERM DEBTORS</b>	6	<b>23 871</b>	<b>23 871</b>
		<b>23 871</b>	<b>3 920 684</b>
<b>NET CURRENT ASSETS</b>		<b>3 870 771</b>	<b>5 760 860</b>
Current Assets		6 038 431	7 357 477
Debtors	7	2 178 756	3 050 071
Bank & Cash	10	121 909	4 484
Short Term Portion of Long Term Debtors	6	0	0
Short Term Investments	5	3 737 766	4 302 922
Current Liabilities		2 167 660	1 596 617
Provisions	8	188 110	163 999
Bank overdraft	10		146 597
Creditors	9	1 979 550	1 286 021
		<b>3 894 642</b>	<b>9 681 544</b>

**BIG 5 FALSE BAY MUNICIPALITY**  
**INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

2008 Actual Income	2008 Actual Expenditure	2008 Surplus/ (Deficit)		2009 Actual Income	2009 Actual Expenditure	2009 Surplus/ (Deficit)	Budget Surplus/ (Deficit)
R	R	R		R	R	R	
9 740 879	14 708 807	(4 967 927)	<b>RATE AND GENERAL SERVICES</b>	13 937 059	20 008 073	(6 071 014)	-
9 392 860	13 822 239	(4 429 359)	Community Services	13 476 255	18 863 720	(5 387 465)	363 200
4 496	300 426	(295 930)	Subsidised Services	2 628	175 731	(173 103)	(206 700)
343 503	586 141	(242 638)	Economic Services	458 176	968 622	(510 446)	(156 500)
0	0	0	<b>HOUSING SERVICES</b>	0	0	-	0
0	0	0	<b>TRADING SERVICES</b>	0	0	-	0
<u>9 740 879</u>	<u>14 708 807</u>	<u>(4 967 927)</u>	<b>TOTALS</b>	<u>13 937 059</u>	<u>20 008 073</u>	<u>(6 071 014)</u>	<u>-</u>
		6 085 757	Appropriations for the year (refer to note 15)			(250 925)	
		1 117 830	Net Surplus / (Deficit) for the year			(6 321 939)	
		(3 127 866)	Accumulated Deficit at the beginning of the year			(2 010 036)	
		<u>(2 010 036)</u>	<b>ACCUMULATED DEFICIT AT THE END OF THE YEAR</b>			<u>(8 331 975)</u>	

# BIG 5 FALSE BAY MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	NOTE	2009 R	2008 R
<b>CASH RETAINED/(UTILISED) FROM OPERATING ACTIVITIES:</b>		<b>3 552 998</b>	<b>(4 852 130)</b>
Cash (utilised in) / generated by operations	16	(19 238 179)	3 118 423
Interest earned		1 019 749	610 120
Decrease / (Increase) in working capital	17	1 341 404	(3 200 042)
		(16 877 026)	528 501
less: External interest paid		(3 632)	-
<b>Cash (utilised) available from operations</b>		<b>(16 880 658)</b>	<b>528 501</b>
Cash contributions from the Public and State		20 433 656	(5 380 631)
Net proceeds on disposal of fixed assets		-	-
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>			
Investment in Fixed Assets	4	(3 854 132)	(258 449)
<b>NET CASH FLOW</b>		<b>(301 134)</b>	<b>(4 595 681)</b>
<b>CASH EFFECTS OF FINANCING ACTIVITIES :</b>			
(Decrease)/ Increase in long term borrowings	18	-	8 359 466
Decrease/(Increase) in investments	20	565 156	(3 759 576)
(Increase)/ Decrease in cash	21	(264 022)	(4 229)
<b>Net cash (generated) / utilised</b>		<b>301 134</b>	<b>4 595 681</b>

# **BIG 5 FALSE BAY MUNICIPALITY**

## **NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>1. Statutory Funds</b>		
Public Improvement Fund	2 690 881	2 690 881
Capital Development Fund	1 421 634	1 421 634
Housing Development Account		
	<u>4 112 515</u>	<u>4 112 515</u>
<b>2. Reserves</b>		
Working Capital Reserve	0	480 601
Corridor Development Reserve	1 951 639	-
MIG Reserves	1 892 750	-
Housing Grant	1 042 134	-
IDP Grant	0	267 234
Municipal capacity grant	0	301 162
Performance Management Grant	0	209 648
Land Use Management Systems	10 353	39 489
GIS Grant	0	98 151
Finance management grant	360 798	755 141
Develop Admin Capacity	0	100 000
MAP	1 527 066	616 513
Grant grater	192 230	0
Spatial Development Makasa	0	14 667
MSIG	224 555	1 466 153
Mun Val roll/property rates	268 906	251 110
MFMA	0	100 000
Project Consolidate	1 104	4 210
GIS dev.support grant	52 436	200 000
Grants Interest	0	1 253 355
Grants VAT	0	849 597
Grant Water Retic/Sewer Ponds	132	499 93
Proj. cons - Public participation		172 687
PR Con.Org Str & HR Systems	0	136 995
Good Gov. Org Structure & HR Systems	0	46 851
Sports and recreation grant	375 000	
(Refer to appendix A for more details)	<u>7 899 103</u>	<u>7 364 064</u>
<b>3 Trust Funds</b>		
Estate lala: P Mtshali	<u>215 000</u>	<u>215 000</u>

# **BIG 5 FALSE BAY MUNICIPALITY**

## **NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2009 (continued)**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>4 FIXED ASSETS</b>		
Fixed assets at the beginning of the year	3 896 814	22 283 165
Capital expenditure during the year	3 854 132	256 449
Other additional assets not accounted for during prior years	0	566 000
less : Assets written off, transferred or		
Transfer to Umkhanayakude portion to umkhanayakude loan a/c	0	3 220 312
<b>Total fixed assets</b>	<b>7 750 946</b>	<b>19 885 302</b>
less : Loans redeemed and other capital receipts	7 750 946	15 988 488
<b>Net fixed assets</b>	<b>0</b>	<b>3 896 814</b>
(Refer to appendix C for more details)		
<b>5 INVESTMENTS</b>		
Call Accounts	3 737 766	4 302 922
	<b>3 737 766</b>	<b>4 302 922</b>
<b>6 LONG TERM DEBTORS</b>		
Staff Car loans at the beginning of the year	23 871	23 871
Add: Interest capitalised for the year	0	0
Adjustment - prior period	0	0
	<b>23 871</b>	<b>23 871</b>
Add: New loans	0	0
Less Paid during the year	0	0
	<b>23 871</b>	<b>23 871</b>
Less: Short term portion of the long-term debtors transferred to current assets	0	0
	<b>23 871</b>	<b>23 871</b>
<b>7 DEBTORS</b>		
Debtors	2 474 131	2 712 640
Sundry Debtors	13 170	13 172
Deposits	(21 584)	0
Vat input	1 188 737	1 023 398
Cashiers Float/ underbanking/ overbanking	0	99
	<b>3 654 454</b>	<b>3 749 307</b>
Add debtors prepayments		107 541
Less: Provisions for doubtful debts	1 475 898	808 777
	<b>2 178 556</b>	<b>3 050 671</b>

# **BIG 5 FALSE BAY MUNICIPALITY**

## **NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2009 (continued)**

### **8 PROVISIONS**

Leave Gratuity	188 110	163 999
Bad Debts	1 475 698	806 777
	<u>1 663 808</u>	<u>970 776</u>
Less: Provisions for doubtful debts transferred to debtors	1 475 698	806 777
	<u>188 110</u>	<u>163 999</u>

The leave provision is based on number of accrued leave at 30 June 2008

### **9 CREDITORS**

Other trade Creditors	1 163 670	1 178 480
Accrued expenses	69 083	0
Sundry creditors	198 471	0
Add:Debtors Prepayments	0	107 541
Salary payables	548 316	0
	<u>1 979 550</u>	<u>1 286 021</u>

### **10 Bank and Cash**

Main bank account	111 150	(146 597)
cash on hand	10 759	4 484
	<u>121 909</u>	<u>(142 113)</u>

### **11 Assessment rates**

Residential	1 171 287	673 227
Commercial	908 201	847 957
Government	291 670	189 778
Municipal	478 056	0
Other	20 304	2 207
	<u>2 869 518</u>	<u>1 693 169</u>
Land	7 332 700	7 153 600
Buildings	43 331 600	40 102 300

Valuation on land and buildings are performed every 3 years and the last general valuation came into effect in 1 July 2005. The rate was 27.92c per rand on land and 17.71c rand on buildings. Rebates granted were 20% on Government and 40% on domestic properties. Non-profit organizations e.g. churches are exempt from rates.

# **BIG 5 FALSE BAY MUNICIPALITY**

## **NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2009 (Continued)**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>12 COUNCILLOR'S REMUNERATION</b>		
Mayors and councillors allowances	762 410	694 883
Pension Fund contributions	130 016	21 231
Other	497 900	283 150
	<b><u>1 390 326</u></b>	<b><u>999 264</u></b>
<b>13 Auditors' Remuneration</b>		
Audit fees	313 547	78 951
Balance Prior year		
Prior year	<b><u>313 547</u></b>	<b><u>78 951</u></b>
<b>14 FINANCE TRANSACTIONS</b>		
Total external interest earned or paid:		
Interest earned	1 019 749	637 075
Interest paid	3 632	0
<b>15 APPROPRIATIONS</b>		
Appropriation account		
Accumulated surplus at the beginning of the year	(2 010 036)	(3 127 867)
Operating surplus / (deficit) for the year	(6 071 013)	(4 967 926)
Appropriations for the year:	(250 925)	6 085 757
Prior year adjustment	<b><u>(250 925)</u></b>	<b><u>6 085 757</u></b>
Accumulated surplus(deficit) at the end of the year	<b><u>(8 331 974)</u></b>	<b><u>(2 010 036)</u></b>
Operating account		
Capital Expenditure	34 521	256 449
Contributions to:	1 725 450	2 162 776
Capital development fund	-	0
Reserves	-	1 409 439
Doubtful debts	1 475 698	561 436
Leave pay	147 022	191 901
Bonuses	22 278	0
13th cheque	80 452	0
Total appropriations	<b><u>1 759 971</u></b>	<b><u>2 419 225</u></b>



# BIG 5 FALSE BAY MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2009 (Continued)

	2009 R	2008 R
<b>16 CASH (UTILISED) GENERATED BY OPERATIONS</b>		
Deficit for the year	(6 071 015)	(4 967 926)
<b>Adjustments in respect of:</b>		
Previous year's operating transactions	(250 923)	6 149 885
Appropriations charged against income:	175 997	3 028 982
Capital Development Fund	-	-
Working Capital Reserve	-	-
Reserves	-	1 409 439
Provisions	1 725 450	797 094
Capital Outlay	34 521	822 449
<b>Capital Charges</b>	<b>3 632</b>	<b>-</b>
Interest paid:	3 632	-
Other	3 632	-
On external loans	-	-
Redemption	-	-
On internal loans	-	4 095 005
On external loans	-	(4 095 005)
Investment income charged to operating account	(1 019 749)	-
Non - operating income	(9 905 656)	-
Grants	(9 905 656)	-
Credited to Fund, Provisions and Reserves	-	-
Non-operating expenditure:	(3 754 439)	(1 092 518)
Debited to Funds	-	(903 409)
Debited to provisions and Reserves	(3 754 439)	(189 109)
<b>Amount to Cashflow Statement</b>	<b>(19 238 179)</b>	<b>3 118 423</b>
<b>17 DECREASE / (INCREASE) IN WORKING CAPITAL</b>		
(Increase) / decrease in reserves	548 207	-
Decrease / (increase) in debtors	202 398	(708 089)
(Increase) / decrease in long-term debtors	-	(23 871)
Increase / (decrease) in Creditors	590 799	(2 382 104)
Increase / (decrease) in Overdrafts	-	(85 978)
	<b>1 341 404</b>	<b>(3 200 042)</b>
<b>18 (DECREASE) / INCREASE IN LONG TERM LIABILITIES (EXTERNAL)</b>		
Loans Raised(Long term portion & short term portion)	-	8 359 488
Loans Repaid	-	(2)
<b>Amount to Cashflow Statement</b>	<b>-</b>	<b>8 359 486</b>
Cash contributions from the public and the state	-	5 380 631
Increase in reserves	-	5 380 631
Contributions to working capital	-	-
<b>19 (DECREASE) INCREASE IN SHORT TERM BORROWINGS COMPRISE</b>		
Loan raised	-	-
Loans repaid	-	-
<b>Amount to Cashflow Statement</b>	<b>-</b>	<b>-</b>

# **BIG 5 FALSE BAY MUNICIPALITY**

## **NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2009 (Continued)**

	<b>2009 R</b>	<b>2008 R</b>
<b>20 DECREASE / (INCREASE) IN CASH INVESTMENT COMPRISE:</b>		
Investment Realized	565 156	8 062 498
Investment made	-	4 302 922
	<u><b>565 156</b></u>	<u><b>3 759 576</b></u>
<b>21 INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
Balance at beginning of year	(142 113)	255
Balance at the end of the year	(121 909)	4 484
	<u><b>(264 022)</b></u>	<u><b>(4 229)</b></u>
<b>22 CONTINGENT LIABILITIES</b>		
There are no contingent liabilities as at 30 June 2009	<u>-</u>	<u>-</u>
	<u><b>-</b></u>	<u><b>-</b></u>
<b>23 CAPITAL COMMITMENTS</b>		
Commitments in respect of capital expenditure		
- Approved and contracted for	15 863 000	-
- Approved but not yet contracted for	90 000	-
	<u><b>15 953 000</b></u>	<u><b>-</b></u>
This expenditure will be financed from:		
- Internal sources	-	-
- External sources	-	-
- Grant expenditure	15 953 000	-
	<u><b>15 953 000</b></u>	<u><b>-</b></u>
<b>24 RETIREMENT BENEFITS</b>		
The personnel are members of the Natal Joint Municipal Pension Fund. The last actuarial valuation was on 31 March 2008. An interim valuation is carried out at the end of each year, it will be performed on 30 September 2009		

# **BIG 5 FALSE BAY MUNICIPALITY**

## **NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2009 (Continued)**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>25 MANAGERS SALARIES &amp; ALLOWANCES</b>		
Municipal manager	<b>588 265</b>	<b>494 069</b>
Gross	<b>475 447</b>	<b>423 069</b>
Travel Allowances	<b>60 000</b>	<b>60 000</b>
Cell Allowance	<b>12 000</b>	<b>11 000</b>
Leave	<b>40 818</b>	<b>-</b>
Bonus	<b>-</b>	<b>-</b>
Acting Chief Financial Officer	<b>493 795</b>	<b>463 637</b>
Gross	<b>139 483</b>	<b>337 837</b>
Rental Allowances	<b>6 000</b>	<b>120 000</b>
Cell Allowance	<b>2 400</b>	<b>6 000</b>
Leave	<b>4 227</b>	<b>-</b>
Acting Allowance	<b>330 062</b>	<b>-</b>
Bonus	<b>11 624</b>	<b>-</b>
Corporate Manager	<b>525 936</b>	<b>460 704</b>
Gross	<b>356 237</b>	<b>310 704</b>
Travel Allowances	<b>144 000</b>	<b>144 000</b>
Cell Allowance	<b>6 000</b>	<b>6 000</b>
Leave	<b>17 992</b>	<b>-</b>
Bonus	<b>-</b>	<b>-</b>
Acting allowance	<b>1 707</b>	<b>-</b>
IDP manager	<b>506 237</b>	<b>457 508</b>
Gross	<b>440 237</b>	<b>391 268</b>
Travel Allowances	<b>60 000</b>	<b>60 240</b>
Cell Allowance	<b>8 000</b>	<b>6 000</b>
Leave	<b>-</b>	<b>-</b>
Bonus	<b>-</b>	<b>-</b>

## **26 BANK, CASH AND OVERDRAFT BALANCES**

The Municipality has the following bank accounts:

Current account (Primary bank account)

First National Bank - Hluhluwe Branch

Account number - 6202 2340 385

Cash book balance at beginning of year ( overdrawn )	<b>(146 597)</b>	<b>(60 620)</b>
Cash book balance at end of year ( overdrawn )	<b>111 150</b>	<b>(146 597)</b>

# **BIG 5 FALSE BAY MUNICIPALITY**

## **NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2009 (Continued)**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>27 Prior Year Adjustments</b>		
Long term liabilities written off	0	(3 618 530)
Provisions written off	0	(476 475)
Writing of Umsekeli Debtor	0	(1 615 318)
Writing of Subsidies received in advance	0	(1 160 283)
Correction of 2003/4 & 2006/7 balances	0	18 420
Correction of 2003/4 & 2006/7 balances	0	12 479
Ziningi Properties written off	0	1 728
Reversing of Vat provisions	0	752 223
Adjustments to creditors opening balances	(294 672)	
Write off grant reserves - opening balances spent in prior periods	(3 351 217)	
Correction to loans redeemed and other capital receipts opening balances	3 896 813	
	<b>250 925</b>	<b>(6 085 757)</b>

## **28 Municipal Entities under sole control of municipality**

There are no municipal entities under the sole control of the municipality.

## **29 Summary of Investments in municipal entities**

There are no municipal entities therefore there were no investments held for municipal entities.

## **30 Party Related Transactions**

There are no known related parties

APPENDIX A

BIG 5 FALSE BAY MUNICIPALITY

STATUTORY FUNDS, RESERVES AND PROVISIONS FOR THE YEAR ENDED 30 JUNE 2009

	Balance at 01/07/2008	Contributions during the year	Interest on Investment	Tithe from other grants	Expenditure during the year	Prior year Adjustment va/Interest	Balance at 30/06/2009
	R	R	R	R	R		R
<b>ACCUMULATED FUNDS</b>							
Public Improvement Fund	2 630 881	0	0	0	0	0	2 630 881
Capital Development Fund	1 421 634	0	0	0	0	0	1 421 634
	<u>4 112 515</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4 112 515</u>
<b>RESERVES</b>							
Working Capital Reserve	430 601	0	0	0	0	(430 601)	0
Corridor development reserves	0	3 750 000	0	0	(1 790 360)	0	1 951 640
MIG Reserve	0	3 914 000	0	0	(2 021 250)	0	1 892 750
IDP grant	267 234	0	70 063	0	(276 606)	(60 693)	0
Housing grant (agent)	433 920	26 631 766	0	0	(25 983 553)	0	1 042 134
Municipal capacity Bldg Grant	301 162	0	78 959	0	(375 257)	(4 884)	0
Performance Management grant	209 848	0	54 968	0	(48 441)	(216 173)	0
Land use management grant	39 489	0	10 353	0	0	(39 489)	10 353
GIS Grant	99 151	0	25 733	0	(121 590)	(2 304)	0
Finance Management Grant	755 141	500 000	197 983	0	(736 367)	(355 939)	360 798
Dev Admin Cap	160 000	0	26 218	0	(118 174)	(8 044)	0
MAP	616 513	950 000	161 637	0	(201 086)	0	1 527 066
Spatial dev makassa	14 667	0	3 845	0	0	(19 512)	0
MSIG	1 486 153	1 039 000	384 388	0	(1 754 414)	(810 580)	224 555
Mun val roll/property rates	251 110	0	65 836	0	0	(48 041)	269 806
MFMA	100 000	0	26 218	0	(23 969)	(102 219)	0
Project Consolidate	4 210	0	1 104	0	0	(4 210)	1 104
GIS DEV/SUPPORT	200 000	0	52 436	0	0	(200 000)	52 436
Interest on investments other	1 253 555	0	(1 253 555)	0	0	0	0
Val on Grants reserve	849 597	0	0	0	0	(849 597)	0
Grant Proj consolidata - sewer ponds	500	0	131	0	0	(500)	132
Grant Grader	172 687	0	45 275	0	(25 732)	0	192 230
PR Cons.Org Sw/HR systems	183 845	0	48 200	0	(162 595)	(49 450)	0
Sports and recreation grant	0	375 000	0	0	0	0	375 000
	<u>7 857 983</u>	<u>37 069 766</u>	<u>0</u>	<u>0</u>	<u>(33 667 436)</u>	<u>(3 351 216)</u>	<u>7 899 103</u>
<b>TRUST FUNDS</b>							
Estate Late: P Mshali	215 000	0	0	0	0	0	215 000
	<u>215 000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>215 000</u>
<b>PROVISIONS</b>							
Leave	163 899	147 022	0	0	(122 911)	0	188 110
	<u>163 899</u>	<u>147 022</u>	<u>0</u>	<u>0</u>	<u>(122 911)</u>	<u>0</u>	<u>188 110</u>
<b>TOTAL</b>	<u>12 345 497</u>	<u>37 206 788</u>	<u>0</u>	<u>0</u>	<u>(33 790 341)</u>	<u>(3 351 216)</u>	<u>12 414 729</u>

**APPENDIX B**  
**BIG 5 FALSE BAY MUNICIPALITY**  
**EXTERNAL LOANS AND INTERNAL ADVANCES**

The municipality does not have any external loans or internal advances for the period 1 July 2008 to 30 June 2009

# APPENDIX C

## BIG 5 FALSE BAY MUNICIPALITY

### ANALYSIS OF FIXED ASSETS FOR THE YEAR ENDED 30 JUNE 2009

Expenditure 2007/2008	Service	Budgeted Expenditure 2008/2009	Balance at 01/07/2008	Expenditure 2008/2009	Written off, transferred, redeemed or disposed of during the year	Balance at 30/06/2009
R		R	R	R	R	R
822 449	<b>RATES AND GENERAL SERVICES</b>	7 363 800	18 653 465	3 854 132	0	22 507 597
822 449	<b>Community services</b>	8 183 800	8 988 956	3 854 132	0	12 841 088
566 000	Council	478 280	894 832	0	0	894 832
256 449	Management	800 000	1 001 633	34 521	0	1 036 154
	Finance	0	465 972	0	0	465 972
	Corporate	0	248 310	0	0	248 310
	Technical	4 885 520	6 376 209	3 819 611	0	10 195 820
		0	0	0	0	0
0	<b>Subsidised Services</b>	1 000 000	9 666 509	0	0	9 666 509
0	Health	200 000	0	0	0	0
0	Library	0	306 054	0	0	306 054
0	Cemetery	450 000	9 360 456	0	0	9 360 456
0	Parks & Recreation	0	0	0	0	0
0	Other	350 000	0	0	0	0
	<b>Economic Services</b>					
0	Refuse Removal	200 000	0	0	0	0
0	<b>PUBLIC IMPROVEMENT FUND</b>		1 231 836	0	0	1 231 836
822 449	<b>TOTAL FIXED ASSETS</b>	7 363 800	18 885 301	3 854 132	0	23 739 433
0	<b>less: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS</b>		15 988 488	7 750 945	0	23 739 433
0	Loans redeemed and advances paid	N1	495 859	3 741 765		4 237 624
0	Contributions from operating income	N1	1 034 268	189 569	0	1 223 837
0	Grants and Subsidies		9 692 885	3 819 611	0	13 512 496
0	Disposed of assets		3 700	0	0	3 700
0	Asset revaluation		4 761 776	0	0	4 761 776
822 449	<b>NET FIXED ASSETS</b>		3 896 813	(3 896 813)	0	0

N1: Refer to note 27 for further detail

# APPENDIX D

## BIG 5 FALSE BAY MUNICIPALITY

### ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2009

Actual 2008 R		Actual 2009 R	Budget 2009 R
9 737 126	<b>INCOME</b>	13 937 059	20 280 600
2 643 054	Rates Income	1 839 780	1 660 000
6 051 037	Grants & Subsidies	9 905 656	12 520 000
0	Water Sales	0	0
699 531	Other Income	1 733 447	5 744 600
0	Conservancy		0
343 503	Refuse	458 176	356 000
14 705 051	<b>EXPENDITURE</b>	20 008 075	20 280 600
5 510 939	Salaries wages & allowances	7 001 000	5 730 200
7 319 547	General expenses	9 894 783	6 582 800
189 781	Repairs & maintenance	356 159	390 000
0	Provisions for working capital	0	213 800
102 801	Contribution to fixed assets	34 521	7 363 800
1 581 983	Contributions	1 725 450	0
0	Other expenditure	996 162	0
<u>(4 967 926)</u>	<b>Surplus/(Deficit)</b>	<u>(6 071 016)</u>	<u>-</u>



**APPENDIX E  
BIG 5 FALSE BAY MUNICIPALITY**

**DETAILED INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

2008 Actual Income	2008 Actual Expenditure	2008 Actual Surplus/ (Deficit)		2009 Actual Income	2009 Actual Expenditure	2009 Actual Surplus/ (Deficit)	2009 Budget Surplus/ (Deficit)
9 740 879	14 708 807	(4 967 927)	<b>RATE AND GENERAL SERVICES</b>	13 937 059	20 008 074	(6 071 015)	.
9 392 880	13 822 239	(4 429 359)	<b>Community Services</b>	13 476 255	18 863 720	(5 387 465)	363 200
-	1 904 603	(1 904 603)	Council	-	2 846 215	(2 846 215)	(1 888 000)
6 054 792	6 290 290	(235 498)	Management	9 905 656	10 208 791	(303 135)	12 665 200
496 477	1 576 547	(1 080 070)	Finance	1 730 818	2 110 748	(379 930)	(2 506 600)
0	1 578 122	(1 578 122)	Corporate Services		1 696 145	(1 696 145)	(1 246 700)
0	897 720	(897 720)	Technical		1 354 755	(1 354 755)	(7 560 300)
200 000	580 329	(380 329)	IDP		647 066	(647 066)	(760 400)
2 641 611	994 628	1 646 983	Assessment Rates	1 839 781		1 839 781	1 660 000
		-					
4 486	300 426	(295 930)	<b>Subsidised Services</b>	2 628	175 731	(173 103)	(206 700)
4 398	5 044	(646)	Cemetery	2 628	(700)	3 328	(2 000)
98	149 173	(149 075)	Library		176 431	(176 431)	(164 700)
	146 210	(146 210)	Parks & Gardens			0	(40 000)
		-				0	0
343 503	586 141	(242 638)	<b>Economic Services</b>	458 176	968 622	(510 446)	(156 500)
343 503	586 141	(242 638)	Refuse Removal	458 176	68 493	389 683	(156 500)
		-	Conservancy / LED		900 129	(900 129)	0
		-				0	0
0							
0	0	-	<b>HOUSING SERVICES</b>			0	0
		-	Economic Housing			0	0
		-	Sub-Economic Housing			0	0
0	0	-	<b>TRADING SERVICES</b>			0	0
		-	Electricity			0	0
9 740 879	14 708 807	(4 967 927)	<b>TOTAL</b>	13 937 059	20 008 074	(6 071 015)	0
		(4 967 927)	Net Surplus / (Deficit) for the year			(6 071 015)	
		(3 127 866)	Accumulated Surplus / (Deficit) at the beginning of the year			(2 010 036)	
		6 085 767	Adjustments (Refer to note 16)			(250 925)	
		(2 010 034)	<b>ACCUMULATED SURPLUS END OF THE YEAR</b>			(8 331 976)	

**Appendix F**  
**BIG 5 FALSE BAY MUNICIPALITY**

**Statistical Information**

<b>General Statistics</b>	<b>2009</b>	<b>2008</b>
<b>Tariffs</b>		
Rates: Land (Cents per square meter)	27.92	22.49
	1.77	1.43
Rebates: Domestic (on total value)	40%	40%
Rebates: Government (on total Value)	20%	20%
<b>Refuse Tariffs</b>		
Land Value (cents per square meter)	6.292	5.07
Fiat Rate	9.82	7.91
Plus 14% Vat		
<b>Sewerage Tariffs</b>		
Consumption (cents per kilolitre water)	Nil	Nil
Fiat rate (R's)	Nil	Nil
<b>Water Tariffs</b>		
Lost Tokens	Nil	Nil
Meter Rental p/m (R's)	Nil	Nil
Disconnection Fee	Nil	Nil
Reconnections	Nil	Nil
Prepaid Meters new	Nil	Nil
Fines Tampering	Nil	Nil
Deposit	Nil	Nil
Installation new meters	Nil	Nil
Commercial	Nil	Nil
0-6000kl	Nil	Nil
6001 - 30000kl	Nil	Nil
30001 - 50000kl	Nil	Nil
50001 - over	Nil	Nil
Plus 14% vat	Nil	Nil
<b>Residential</b>		
0-6000kl	Nil	Nil
6001 - 50000kl	Nil	Nil
30001 - 50000kl	Nil	Nil
50001 - over	Nil	Nil
Plus 14% vat	Nil	Nil
<b>Library</b>		
Fines per day	2.00	0.50
<b>Cemetery</b>		
Purchase of site	700.00	700.00
<b>Miscellaneous</b>		
Rates Clearance certificates	50.00	35.00
Photo copies	1.00	1.00
Copies of documents	1.00	1.00
Activity rooms-morning sessions	200.00	100.00
Activity rooms-afternoon sessions	200.00	100.00
Activity rooms-evening sessions	200.00	200.00
Activity rooms-day/night sessions	200.00	500.00
Deposit	300.00	300.00
Office Rental	1 800.00	1 800.00
Parkhome rental	Nil	Nil